



November 18, 2008

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KHPA Pledges Cooperation in Budget Crisis

Board Receives Report on Recommended Cuts

(TOPEKA, Kan.) – The Kansas Health Policy Authority today pledged to cooperate with Gov. Kathleen Sebelius, the Division of Budget and the Kansas legislature to find workable solutions to the state's current budget crisis.

At its regular monthly meeting in Topeka, the KHPA Board of Directors received a report on the state's fiscal condition from Secretary of Administration Duane Goossen. For the current fiscal year (2009) the budget division is recommending \$11.6 million in State General Fund (SGF) cuts for KHPA. That represents about 2.3 percent of KHPA's total SGF budget, and about 6.5 percent of its "operating" budget.

For FY 2010, which begins July 1, DOB is recommending another \$20.1 million in cuts from what the agency had requested. If approved, that would leave KHPA with a general fund budget of about \$513 million next year, essentially unchanged from what lawmakers and the governor approved for this year.

Discussions between the administration and state agencies will continue over the next several weeks as Gov. Sebelius prepares her budget proposals for the legislature to consider during the 2009 session.

"These are sobering numbers," said KHPA Board chairman Joe Tilghman (TILL-man). "But we cannot ignore the seriousness of the problem. All of the programs within KHPA need to do their part and we want to be a team player in helping the state find workable solutions."

KHPA executive director Marcia Nielsen said she hoped to meet the budget targets by implementing a hiring freeze, reducing some contractual expenses, and cutting travel and communication expenses. The cuts will also involve reducing expenditures in the State Children's Health Insurance Program (SCHIP), although those cuts are not expected to affect medical care for low-income children:

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“We plan to work very closely with the administration in crafting solutions that address the state’s serious budget challenges while protecting the integrity of programs that serve the most vulnerable populations in Kansas,” Nielsen said.

Nielsen added that KHPA has been working for several months on a comprehensive Medicaid Transformation program that includes administrative actions, budget and statutory proposals, and a review of optional revenue sources to support reform and guard against the impact of declining state revenues on critical health programs. KHPA plans to present that transformation package to the 2009 Legislature.